
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Lauren B. Bailey.

DIGEST

B. Gautreaux (SB 100)

Present law (R.S. 11:233) provides for the definition of "earnable compensation" for various statewide retirement systems including the Parochial Employees' Retirement System (PERS). Provides in pertinent part that for purposes of computation of average compensation, "earnable compensation" shall mean the full amount earned by an employee for a given period. Specifies in part that earnable compensation shall not include overtime unless it is required to be worked in the employee's regular tour of duty.

Present law retains present law.

Present law (R.S. 11:1902(11)) defines "earnings" for PERS. Provides that "earnings" shall mean the full rate of compensation paid to the member. Specifies, however, that in computing the earnings of an employee for retirement purposes, the amount of overtime earnings to be used in the computation of earnings shall not exceed the average amount of overtime earnings received for the six-year period immediately preceding retirement. Provides that earnings shall not include fees or commissions. Present law definition provides that it shall supersede any contrary provisions in the general retirement statutes regarding overtime computation, including present law R.S. 11:233(B), so that all overtime is included in the present law computation of "earnings," regardless of whether it was required to be worked in the employee's regular tour of duty.

Proposed law provides that "earnings" shall mean the full rate of compensation paid to the member. Deletes present law and allows overtime which was not required to be worked in the employee's regular tour of duty to be included in computation of "earnings."

Present law provides for a definition of "final compensation" based on the highest 36 consecutive months of pay. Provides that the earnings increase between 12-month periods during the 36 months shall not be more than 15%.

Proposed law provides for a definition of "final compensation" based on the highest 60 consecutive months for pay. Retains present law anti-spiking threshold of 15% and applies it to the 60 months.

Present law provides that a participant in the Deferred Retirement Option Plan (DROP) of PERS who continues in employment after plan participation shall receive an additional benefit based on the additional service rendered.

Proposed law retains present law.

Present law specifies that if the period of additional service is less than 36 months, the additional

benefit shall be calculated using the final compensation amount used to calculate the original benefit. Provides that if the period of additional service is 36 months or more, the additional benefit shall be calculated using the final compensation during the period of additional service.

Proposed law retains present law but requires at least 60 months of additional service to be rendered before the additional benefit is calculated using the final compensation during the additional period of service.

Proposed law transition provisions provide relative to calculation of earned compensation. Provides that for members retiring on or after Jan. 1, 2011 and on or before Dec. 31, 2012, the period used to calculate final compensation shall be 36 months plus the number of whole reporting periods since Jan. 1, 2011. Specifies that "whole reporting periods" shall be either quarterly, monthly, or some other period consistent with the employer's payroll practices as determined by the PERS board of trustees.

Proposed law provides for transition from present law to proposed law. Provides relative to calculation of post-DROP additional benefit. Specifies that for purposes of changes in the DROP provisions, a member entering DROP before Jan. 1, 2013, who remains in employment after participation in the plan shall have his additional benefit calculated based on his compensation during the period of additional service if his period of additional service is equal to or greater than the number of months used to calculate the original benefit when the member entered DROP. Specifies that DROP provisions in proposed law shall apply to members entering DROP on or after Jan. 1, 2013.

Proposed law transition provisions relative to computing of employee earnings specify that for the period beginning Jan. 1, 2011 and ending Dec. 31, 2011, the amount of overtime used in the computation of earnings shall not exceed the average amount of overtime earnings received for the six-year period immediately preceding retirement.

Proposed law transition provisions specify that notwithstanding the transition provisions of proposed law, the final compensation expressed in dollars used to compute a member's benefit after the effective date of proposed law shall not be less than the dollar amount of the average monthly earnings during the member's highest 36 consecutive months or joined months of service earned for employment before the effective date of proposed law.

Effective January 1, 2011.

(Amends R.S. 11:1902(11) and (14), and 1938(J)(4)(a))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Retirement to the original bill.

1. Technical amendments.